



United States Department of Agriculture
Food and Nutrition Service

Southeast Region

Reply to

Attn. of: SERO Policy

August 24, 2004

Subject: Policy Memorandum 245.09-08 Nutrition Requirements: Special Assistance Amendment
Expanding Provisions 2& 3 District-wide

To: All NSLP Directors
Southeast Region

Section 113 of the Child Nutrition and WIC Reauthorization Act of 2004 (Act) amended the Special Assistance section 11(a)(1) of the Richard B. Russell National School Lunch Act to allow school food authorities (SFAs) to implement Provision 2 claiming percentages and Provision 3 calculations of federal cash and commodity assistance on an SFA-wide basis. In keeping with legislative intent and to provide maximum administrative flexibility, we have determined that SFAs may extend this change either for all schools or for a subgroup of schools within an SFA. Therefore, it is not necessary that all schools in an SFA participate in Provision 2 or 3 in order for an SFA to have a comprehensive claiming percentage or Provision 3 reimbursement. SFAs may implement these provisions on a school by school basis, for all schools in a district, or for a subgroup of schools within the district.

This memo provides the basic procedures for implementing Provision 2 or 3 SFA-wide or for a subgroup of schools within an SFA. The procedures differ somewhat depending on the status of the schools to be included in the group at the time of implementation. (The term "group" should be understood to mean all schools which will be included under the provision – either all schools in the district or all schools in the group which the SFA has selected to operate under the provision.)

If all of the schools in the group are currently operating under normal claiming procedures, a base year must be established.

- For Provision 2: The sum of the meal counts by category for all schools in the group for the base year will be used to develop the comprehensive claiming percentages. The common base year becomes the base year for the group.
- For Provision 3: The aggregate reimbursement for all schools in the group for the base year will be the base year reimbursement, and the aggregate enrollment for all schools in the group will be the base year enrollment. The common base year becomes the base year for the group.

If all of the schools in the group are currently operating under the selected Provision:

- For Provision 2: The sum of the prior year's meal claims by category for all schools in the group will be used to develop the new claiming percentages.
- For Provision 3: The sum of the prior year's reimbursement claims for all schools in the group will be the basis for subsequent year reimbursements and the prior year aggregate enrollment for all schools will be the basis for subsequent year enrollment adjustments.

Under both Provisions, a common base year may be established for the group. If all schools in the group have the same base year, that year is the base year for the group. If the schools have different base years, the SFA may determine how many of the schools in the group would be required to have a new base year in each of the next four years, beginning with the first year in which the group is established. The year with the largest number of schools due for a new base year can become the new base year for the group.

Alternatively, SFAs may elect to maintain individual base years for schools and recalculate the group claiming percentages in the manner described above when a new claiming percentage is established for one of the schools in the group.

If an SFA which has established group claiming percentages or reimbursement levels by combining data from previously participating schools wishes to base renewal for the group as a whole on socio-economic indicators rather than a regular or modified base year, the SA should consult with FNS to determine the appropriate statistical indicators to be used to make the renewal determination.

If some schools are currently operating under the selected Provision and the district wants to add other schools to the group:

The new schools will have to conduct a base year. The calculation of claiming percentages or reimbursement and enrollment is handled the same as if combining schools currently operating under the Provisions with different base years. Alternatively, a new base year can be conducted for all schools in the group.

The preceding information is provided as initial guidance for SFAs which may want to consider implementing Provision 2 or 3 on an SFA or SFA-subgroup basis in the current school year. FNS will issue more detailed guidance at a later date, including procedures for adding or deleting schools after the group percentage or reimbursement level and enrollment are established. In the meantime, SAs which have questions on these procedures or which encounter situations which are not covered should consult with our office.

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Ref: Issued by CND - 08/06/04- CNDPAMB\ANALYSIS SECTION\REAUTHORIZATION/
PROV 2-3 DISTRICT WIDE IMPLEMENTATION